THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI OMAR ABDULLAH): (a) to (c) The proposal of supply of Iranian gas to India is a bilateral matter between India and Iran. An Indo-Iran Joint Committee was constituted in May 2000 to examine all aspects relating to supply of Iranian gas to India. The Joint Committee has met on four occasions since then to consider these including different modes of transportation, route options and related political, security, economic and technical issues.

During Prime Minister's visit to Iran from April 10—13, 2001, Prime Minister and President of Iran directed the Committee to commission joint feasibility studies through appropriate mechanisms for offshore and overland pipelines from Iran to India on an equal cost-sharing basis. They also directed that the studies be completed expeditiously. A feasibility study for the deep-sea option has been awarded.

Flexibility in Hardware Sector

2038. SHRI RAMDAS AGARWAL: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government are aware of the need to focus on hardware development in order to become a global IT. Power which is possible only if we generate $ 6 billion hardware instead of $2.5 million as at present;

(b) whether Government are also aware of the need to sell 3.6 million of Personal Computers instead of 1.7 million and to have 11 million users of internet instead of 2.5 million users; and

(c) if so, what steps Government propose to take so that we could achieve parity with China where IT achieved a success?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) and (b) Yes, Sir. Government is aware of the need to promote IT Hardware production and Internet access proliferation in the country.

(c) The steps taken by Government to promote IT Hardware Industry and Internet proliferation are given in statement I and II respectively.

Statement-I

Steps taken by the Government to promote IT Hardware Sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.

2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

3. Electronics Hardware Technology Park (EHTP) Scheme is implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

4. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ^EHTP schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.

5. Accelerated depreciation norms for computers and computer peripherals for electronic units under Export-Oriented schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 year earlier.

6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

7. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.

8. The Depreciation on Computers has been allowed @ 60%.

9. In the Budget 2001-02, the peak rate of customs duty continues @35%. Customs duty surcharge @10% has been abolished on all imports, in general but Special Additional Duty (SAD) @4% continues on all imports, except specific exemptions. In the 2000-2001 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001>02 Budget, Customs duty on

Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues. Customs duty on parts of Telecom reduced to 5%. 32 items (additional) of Capital Goods allowed at a concessional duty of 5% for the manufacture of semiconductors.

10. In the Budget 2001-02, the Central Excise duty structure has been rationalized from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.

11. Second hand capital goods upto 10 years old have been made freely importable.

12. Information Technology Software is exempted from Customs and Excise Duty.

13. EOU/EPZ/EHTP units arc exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act.

14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

15. Tax holiday under provisions of Section 80-IA (Infrastructure States) has been extended to Internet Service Providers (ISPs) and Broadband Network providers.

16. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purpose of scientific, social or statistical research has been provided.

17. Information Technology Act 2000 has been enacted. This at deals with Cyber Security, Cyber Crime and other information security related aspects. This will encourage expansion of e-commerce through internet.

Statement - II

Steps taken by the Government to improve penetration of Internet access in India

1. Bharat Sanchar Nigam Limited (BSNL) plans to establish a National Internet Backbone (NIB) for carriage of Internet traffic. It aims at providing easy interconnect point to the Internt Service Providers (ISPs) besides establishing points of presence for DTS as an Intcrent Service Provider. It is proposed to set up at least one internet node in every Secondary Switching Area.

2. A 20% concession is presently being offered by BSNL on the annual leased line rentals for leased lines taken for internet access.

3. Half of the telephone connections required by licensed ISPs for providing Internet may be released on out-of-turn basis in Non-OYT General category. BSNL would provide Internet Dial-up ports to the extent of l/12th of their Dial-up subscriber base, on demand by ISPs.

4. Access to the nearest Internet node on local call basis has been made available in all the District Headquarters of the country.

5. Store and forward services over the internet (viz. Voice, Data, Video etc.) have been permitted subject to no dialing out at the destination and through Public Switched Telephone Network (PSTN)/ Integrated Sercies Digital Network (ISDN) lines/EIR2 links and information being sent from one internet node to another internet node without switching to PSTN/ISDN.

6. Internet Service providers (ISPs) have been permitted to set up International Gateways after obtaining security clearance. As regards use of satellite medium for providing international bandwidth for Internet, Internet Service Providers (ISPs) have been permitted to obtain bandwidth from satellites, which are coordinated over India.

7. The Government has permitted the Internet Service Providers (ISPs) to establish submarine cable landing stations for International gateways for Internet, after obtaining necessary clearances.